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[South Vietnam: Communist military activity remained light and widely scattered on 25 - 26 September.

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Increased numbers of enemy false defectors have been uncovered in recent months throughout the country, but especially in the delta. Many of them have been ordered to try to acquire legal status through the government's "Open Arms" policy for defectors, to be used in some cases as long-term assets. Others, however, received some training in intelligence collection and political action techniques, presumably with the aim of eventually joining government services after their rehabilitation.

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IAEA: The general conference of the International Atomic Energy Agency is making some progress toward defining the agency's future role under the nonproliferation treaty (NPT).

The current meeting in Vienna is expected to endorse the view that the IAEA is the appropriate body to provide nonnuclear states with the benefits of peaceful applications of nuclear explosions, and to seek further clarification of the agency's responsibilities.

The Mexicans, however, are dissatisfied with the lack of a firm agreement and have threatened to ask the UN General Assembly to prescribe in detail the IAEA role. There are a number of troublesome elements in the Mexican proposal. These include the stipulation that nuclear powers providing peaceful nuclear explosion (PNE) services would be liable for all damages in the territories of benefiting nations or third parties. A second difficulty concerns the control organ to administer PNE services. Under the Mexican proposal a separate semi-autonomous body would be set up, while the US prefers that the IAEA itself administer PNE services. If the Mexicans should introduce such an initiative in New York, it could lead to a sharp confrontation between the less developed countries and the advanced nuclear states.

In a related development, the Soviets have expressed eagerness to resume bilateral talks with the US on technical aspects of PNEs. At the first meeting, held in Vienna last April, the Soviets discussed several experiments, two of which they have carried out. Moscow now wants to convey additional information to the US before forwarding it to the IAEA.

With respect to Article III of the NPT concerning the application of safeguards on the nuclear facilities of nonnuclear weapon signatories of the

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Pakistan: A serious test of martial law authority may be developing in East Pakistan.

Bengali student leaders, encouraged by the government's tendency to back down under pressure, have again defied an official summons to answer charges of alleged offenses. They have also called for a general student strike in Dacca on Monday.

Meanwhile, some dissatisfied East Pakistani workers have moved from agitation for higher wages to strike tactics. The government has chosen to regard these job boycotts as "work abstentions" because acknowledgement of strikes, which are prohibited under martial law, would necessitate a direct confrontation.

The regime's permissive handling of the recent civil disorders may have damaged its credibility and encouraged further unrest. It is not clear how long politicians can be expected to refrain from capitalizing on the discontent, which focuses on official labor and education policies but is being aggravated by rising food prices. Some extremist groups are already calling for mass public meetings in defiance of martial law regulations.

Although the government has the capability to maintain order in East Pakistani urban areas, its willingness to stand firm and use force when necessary remains questionable. There is no trouble thus far in the rural areas, where disturbances present a far greater security problem, although there have been a few unconfirmed reports of increased extremist agitation among the peasants.

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UN - Middle East: The temporary closure of two additional observer posts along the Suez Canal is another indication of the deteriorating situation there.

Five of the 18 posts--three on the west bank and two on the east--have now been closed. Artillery duels, air strikes, and commando raids are common occurrences, endangering the UN observers, whose posts consist of reinforced bunkers near the canal.

UN Secretary General Thant and the seven nations contributing observers are not pushing for complete abandonment of the posts. The Security Council has to make the decision on any permanent withdrawal of all the observers.

The main use of the observers has been to provide impartial, detailed reports on truce violations. Their departure would have no material effect on the situation, and thus would not be comparable to the disastrous results of the withdrawal of the UN Emergency Force from the Sinai in May 1967. Nevertheless, their presence along the canal provides visual evidence of world concern. [REDACTED]

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Libya: Frictions are developing within the cabinet and between it and the Revolutionary Command Council.

The first sign of tension came on Tuesday with the resignation of the minister of education. He apparently disagreed with Prime Minister Maghribi over the administration of his ministry. [REDACTED]

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Several civilians in the cabinet are members of various pan-Arab political parties that are mutually antagonistic. As they maneuver for political prominence, their differences will probably sharpen. [REDACTED]

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Ethiopia: Radical students are ready to resume their disruptive activities of last spring.

It is not yet clear exactly what the students have planned for the opening of Haile Selassie University on Monday, but most observers in Addis Ababa are resigned to another year of disturbances and tension. Although the campus has been relatively quiet during the registration period, the hard-core radicals have been active. New demands have been presented to the administration, the older students have been proselytizing among the incoming freshmen, and attempts are again being made to organize the city's secondary students.

Over the summer, the government made several conciliatory gestures that it hoped might deprive the students of issues. The student leaders have not been deterred, however, and are only awaiting a favorable opportunity to renew their primary aim of harassing the government.

Ethiopia's other problems of insurgency, financial difficulties, and discontent in the bureaucracy and military remain unchanged. These problems could again produce the heightened apprehension over internal security that characterized the regime's reaction to the student troubles earlier in the year.

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Burundi: Antagonism between the two main tribes has resulted in widespread arrests.

Tensions have been building up in Bujumbura since mid-September when the Tutsi-dominated regime of President Micombero ordered the arrest of a number of army officers and civilian politicians, most of them Hutu tribesmen. The people arrested were reportedly planning to overthrow the government during the party anniversary celebration last week.

The arrests of Hutu political leaders are continuing and some of those arrested may have been executed.

Thus far the Hutus, who make up the vast majority of the population and who have long chafed under Tutsi control, have shown no signs of open rebellion. Further indiscriminate acts by Tutsi soldiers, however, could spark a Hutu uprising similar to the one in 1965.

At this point, Micombero has the upper hand with regard to the Hutu problem. The army has become overwhelmingly Tutsi because of selective recruiting. In addition, if some of the alleged plotters have been executed, it may be a deterrent to the Hutus.

Micombero, however, is now probably vulnerable to dissident Tutsi charges that his policy of reconciliation toward the Hutus has been the wrong course all along. These dissidents may seek to overthrow him by drawing away army support. [REDACTED]

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[Bolivia: The new government installed by General Alfredo Ovando yesterday shows a strong leftist and nationalistic orientation.

Fifteen cabinet ministers, nine civilians and six military officers, were sworn into office yesterday morning immediately following the rapid and smooth execution of an obviously well-planned coup. The civilians are all young, strongly nationalistic, and, with the possible exception of the finance minister, sharply critical of US policies in Bolivia.

None of the civilian ministers belongs to an established political party, [REDACTED]

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[REDACTED] The US Embassy reports that the military men in the cabinet are strong personalities, which might indicate that early strains are likely to arise in the government.

Ovando gave evidence that he intends to follow a nationalistic policy by announcing that his first act would be to annul the petroleum code, a move obviously aimed at the US-owned Bolivian Gulf Oil Company. The new government may be planning to obtain greater revenues from the company through increased taxes or a demand for part ownership. [REDACTED]

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[REDACTED]
[REDACTED] Ovando said on the radio yesterday that the armed forces had taken power "to offer people a nationalistic and revolutionary alternative to the Siles government," which he characterized as perpetuating "a system of privilege and submission to foreign monopolistic interests."

In statements echoing those of Peruvian President Velasco, Ovando reiterated after official swearing in ceremonies that the "change in government was not a golpe but a national left revolution aimed at structural changes." He stated that his government was now studying a plan for complete administrative reform and "wished to form an ideological confederation with Peru." Regarding relations with the US--now in suspension--Ovando said his government did not have any problems with the American people, and did not expect any with the US Government. He closed his conference referring to his government as "the second republic." [REDACTED]

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Bahamas: Prime Minister Pindling is faced with internal party dissension that could lead to his ouster.

A meeting of the Progressive Liberal Party hierarchy this weekend will probably produce a showdown between the prime minister and his detractors and may set the stage for a formal vote at the party convention next month. Pindling's weak leadership over the last year has caused growing discontent. His failure to consult with parliamentary members over a recent cabinet change and to control his erratic deputy prime minister, whose immigration policies have angered members of the business community, are also sources of friction.

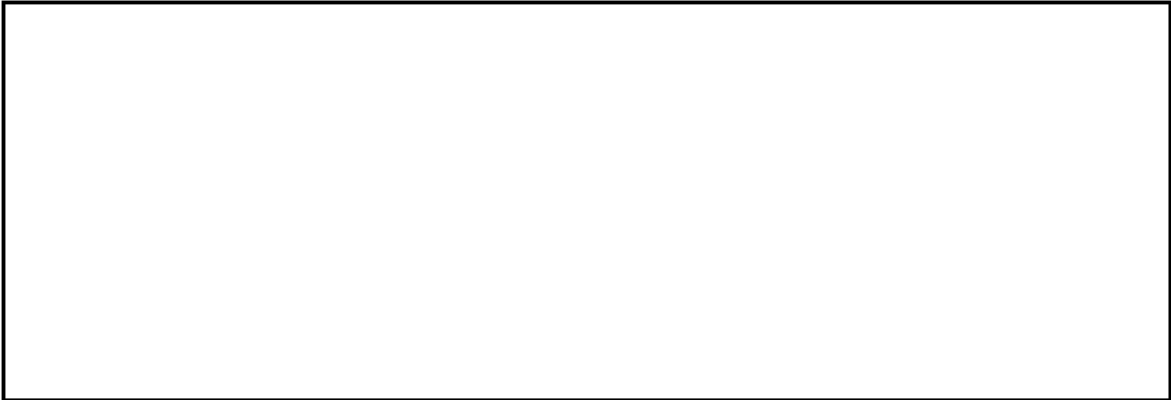
Pindling's personal popularity and the disunity among the opposition may help him to survive, if he reasserts his authority. Continued government malaise, however, will allow contenders for party leadership such as Finance Minister Francis and Education Minister Wallace-Whitfield to gather further strength.

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Communist China - Canada: Peking has purchased 2.3 million tons of Canadian wheat, worth about \$125 million, for delivery during the next 12 months. The contract was concluded by a Canadian wheat delegation that has been in Peking since late August negotiating a new three-year wheat agreement. Estimated 1969 deliveries under this contract, together with deliveries under earlier wheat agreements with Canada, Australia, and France, will boost China's wheat imports this year to about 5 million tons. This is nearly 15 percent more than China imported last year. China's annual wheat imports, however, represent only about 2 1/2 percent of the amount produced domestically. [redacted]

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Netherland Antilles: Political maneuvering to form a coalition government prior to Monday's deadline is picking up. The governor has asked former finance minister Petronia to form a government to overcome the impasse that resulted when no party gained a legislative majority in the elections early this month. Petronia is the leader of the Aruba Patriotic Party, which is allied with the Democratic Party. These parties had controlled the government prior to the elections and now, with 11 of 22 seats, are still in a strong position to head a new administration. Although the scattered opposition parties might conceivably organize a coalition with the help of the Aruba Patriotic Party if it broke its agreement with the Democrats, the opposition would be hard pressed to form any long-term alliance.

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